

Senate Concurrent Resolution

No. 12

Introduced by Senator Liu

February 18, 2011

Senate Concurrent Resolution No. 12—Relative to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SCR 12, as amended, Liu. Taxation.

This measure would urge state and local governments and community organizations to promote education and awareness of the *federal* Earned Income Tax Credit and other tax credits that help working families persevere through difficult economic times.

Fiscal committee: no.

1 WHEREAS, The Congress of the United States enacted the
2 *federal* Earned Income Tax Credit (EITC) in 1975 to offset the
3 burden of social security taxes on low-income taxpayers, to
4 supplement wages, and to encourage work; and

5 WHEREAS, Since its enactment in 1975, the EITC has brought
6 the income of millions of families above the poverty level and has
7 had a high participation rate relative to other programs for
8 low-income Americans; and

9 WHEREAS, The EITC has been expanded by a series of
10 Presidents of the United States, including both Democratic and
11 Republican presidents; and

12 WHEREAS, The EITC is available to taxpayers who work, but
13 do not earn high incomes and may often struggle to make ends
14 meet. These taxpayers could be missing an opportunity to pay less

1 federal income tax, pay no federal income tax, or receive a refund;
2 and

3 WHEREAS, Working California ~~families~~ *individuals* may be
4 missing out on a federal refund of up to five thousand six hundred
5 sixty-six dollars (\$5,666) because they are not aware of the EITC.
6 They may also not be aware of additional working family tax
7 credits, such as the Child Tax Credit, the Child and Dependent
8 Care Credit, and the Making Work Pay Credit; and

9 WHEREAS, According to the Internal Revenue Service (IRS), up
10 to 25 percent of eligible taxpayers *nationwide* may fail to claim
11 the EITC because they are not aware of the credit or of free
12 assistance to claim the credit; and

13 WHEREAS, New parents, grandparents raising grandchildren,
14 and foster parents may not realize they qualify for the EITC. Some
15 families, such as those in the military and those raising children
16 with disabilities may not realize that there are special rules that
17 may help them qualify for the EITC; and

18 WHEREAS, The IRS and other organizations collaborate with
19 local agencies to offer Volunteer Income Tax Assistance (VITA)
20 to raise awareness of the EITC; and

21 WHEREAS, The IRS and its partners provide tools to local
22 agencies to link financial education and other asset-building efforts,
23 such as individual development accounts; and

24 WHEREAS, The IRS and the Congress of the United States
25 have taken steps to reduce the EITC's error rate and simplify the
26 filing of the credit; and

27 ~~WHEREAS, Employers, at no additional cost to themselves,~~
28 ~~can increase the take-home pay of their employees if their~~
29 ~~employees utilize the EITC; and~~

30 *WHEREAS, Employers can help increase the take-home pay of*
31 *their employees by making employees aware of the EITC; and*

32 ~~WHEREAS, The EITC increases federal EITC increases~~
33 *California's* revenue and stimulates the local and state economy;
34 and

35 WHEREAS, Every year an estimated one billion dollars
36 (\$1,000,000,000) are lost to hardworking families and the
37 California economy because of failure to claim the EITC; now,
38 therefore, be it

39 *Resolved by the Senate of the State of California, the Assembly*
40 *thereof concurring,* That the Legislature urges state and local

1 governments and community organizations to promote education
2 and awareness of the *federal* EITC and other tax credits that help
3 working families persevere through difficult economic times; and
4 be it further
5 *Resolved*, That the Secretary of the Senate transmit copies of
6 this resolution to the author for appropriate distribution.

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